RECENT AMERICAN BOOKS ON MONEY.

It is probably because of the sharp panic of 1893 that so many books on money have recently appeared in America. The monetary policy of our government had for fifteen years been sheer opportunism: it certainly could not permanently be maintained if the policies of other nations and the conditions of the precious metals should continue as unfavorable to silver as they had been for nearly a quarter-century. All this had long been evident to those who were closely watching the course of events. But when, in the early summer of 1893, British India, the steadfast friend of silver, suspended free coinage, the crisis came; and the dangerous artificiality of our currency system was manifest.

Under such conditions the money question must be much thought over and discussed among us, and it was natural that some of the thought and discussion should be considered worthy of publication. At any rate, the number of money books issued in this country during the last two or three years has been unusually great. Many of them are controversial in aim, and, moreover, are so crude and superficial that they could by no means permanently affect public opinion. Last summer they were in great demand; but already their glory has departed, and inevitably they will soon be quite forgotten.* These, therefore, can claim no place in an account of the sober monetary discussion of our country; but there remain a considerable number of other works, which, for one reason and another, deserve a more respectful examination. †

*See the article on "*Coin*" *and his Critics* in this journal for January of the present year, where not only these ephemeral publications, but some of more substantial importance, are reviewed

† *The Money we need A Short Primer on Money and Currency* By Henry Loomis Nelson. New York: Harper & Brothers. 16mo, pp 124.

The Natural Law of Money The Successive Steps in the Growth of Money traced from the Days of Barter to the Introduction of the Modern Clearing House, and Monetary Principles examined in their Relation to Past and Present Legislation By William Brough New York and London G P. Putnam's Sons 12mo, pp 168.

Labor as Money. A Story with a Purpose By John O. Yeiser Boston· Arena Publishing Company 12mo, pp 212

Even of these more thoughtful books, some, it must be confessed, are of no great value. Mr. Nelson's *The Money we need* is merely a clever little sketch, written to show that bimetallism is neither honest, safe, nor possible. It is too brief to be very helpful, and, as a matter of fact, is not always accurate. In *The Natural Law of Money* there is another defence of gold monometallism. Mr. Brough's informing thoughts are two,—that the gold standard has come to prevail in the most advanced communities through natural evolution, and that men ought not to interfere with the natural laws of society. Neither of these propositions is new, and neither nowadays will meet with a very wide acceptance. Certainly the second, which is far the more important for Mr. Brough's thesis, is in pretty general disfavor. However, Mr. Brough accepts them; and they give form to his book. In filling out this general scheme of argument, he employs only the familiar facts and principles of economics; but he does marshal them with more than ordinary skill.

In *Labor as Money* Mr. Yeiser makes another attempt at

A Scientific Solution of the Money Question. By Arthur Kitson. Boston Arena Publishing Company 12mo, pp. 418

The Banking System of the United States and its Relation to the Money and Business of the Country By Charles G Dawes. Chicago Rand, McNally & Co 12mo, pp. 83.

Monetary Systems of the World. A Study of Present Currency Systems By Maurice L. Muhleman New York: Charles H Nicoll 12mo, pp 198.

Principles and Practice of Finance By Edward Carroll, Jr New York and London· G P Putnam's Sons 8vo, pp 311

Banking, Securities, Transportation, Insurance, and Foreign Trade. A Textbook for Schools and Colleges. By Seymour Eaton. Philadelphia: P. W Ziegler & Co 8vo, pp 208

Congressional Currency An Outline of the Federal Money System. By Armistead C Gordon New York and London: G P Putnam's Sons 12mo, pp 234

Sound Currency, 1895 A Compendium of Accurate and Timely Information on Currency Questions, intended for Writers, Speakers, and Students New York Reform Club Sound Currency Committee. 8vo, pp. 508.

Money and Banking illustrated by American History By Horace White. Boston and London: Ginn & Co 12mo, pp. 488

A History of Money and Prices, Being an Inquiry into their Relations from the Thirteenth Century to the Present Time By J Schoenhof. New York and London G. P. Putnam's Sons. 12mo, pp 352.

Joint Metallism. By Anson Phelps Stokes. New York and London. G P. Putnam's Sons. 12mo, pp 224.

An Honest Dollar By E. Benj. Andrews. Hartford: Student Publishing Company 12mo, pp. 183

Honest Money. By Arthur G. Fonda. New York and London: Macmillan & Co 12mo, pp 209.

the apparently impossible feat of putting a thorough discussion of a difficult economic problem into the form of a readable story. The story is certainly a failure, and the discussion is inconclusive. It was very long ago that common, unskilled labor was first suggested as the most stable of values; but it will be a long time yet before it will be found practicable to displace all metallic money with "labor certificates." But not even this is all that Mr. Yeiser proposes. He would not only use no other money than these certificates, but he would issue them in unlimited amounts. For he would compel government to hire at $2.50 per eight-hour day all the laborers who might offer their services. The very grave objections to such a policy will readily occur to any thoughtful mind.

Mr. Kitson's *A Scientific Solution of the Money Question* urges another very radical reform. The author makes a violent attack upon the science of economics in general and upon the accepted principles of money in particular. To his mind the most serious fault of the existing currency systems is the hard natural limitation of the amounts in circulation, and it is in the prompt and permanent removal of this limitation that the virtue of his new system would appear. He, too, would do away once and for all with every sort of metallic money; and he would then issue, against pledges of any kind of goods, paper notes "redeemable, not in one, but in all commodities." When all this had been done, Mr. Kitson argues, most of our present distress would be at an end: there could no longer be scarcity of money or extortionate interest charges or fluctuations of price. It is needless to pass formal criticism on such a project.

Mr. Dawes does not attempt to force into the narrow compass of his little volume on *The Banking System* a discussion of the general money question. He aims only to show that credit instruments play a great part in the economy of our country, and that, therefore, it is not possible to get a satisfactory solution of the present difficulty without a regulation of banking operations. He probably overrates the importance of bank credits; but in his main thesis he is doubtless quite in the right, and he defends it with much ability. The examination of the influence of credit documents on the value of gold

is a remarkably good bit of economic analysis. It might very profitably have been carried farther.

Mr. Muhleman's *Monetary Systems of the World* gives in a concise form a great deal of statistical and other information about the currencies of nearly all the world. For no country, perhaps, except the United States, is the account as full as that in Haupt's *Arbitrages et Parités;* and the international exchanges are much more briefly treated by Mr. Muhleman. But for most students — and probably for many business men, too — the smaller book will be the more useful. It is full enough to meet most demands of all but specialists and those directly concerned in international exchange, and its figures are rather more accurate than Haupt's. Then, too, there are a number of supplementary discussions which bear upon the present monetary problem, and add much to the value of the book.

The two books of Mr. Carroll (*Principles and Practice of Finance*) and Mr. Eaton (*Banking, Securities, Transportation, . . .*), in spite of considerable differences of form and even of scope, have still much the same general purpose. Mr. Eaton deals with scientific principles not at all, and Mr. Carroll only by way of brief introduction; but both aim to give plain, definite information in regard to money, banking, the exchanges, and related aspects of business. Mr Eaton's book is intended for school and college use; and, although it can never serve very acceptably for class-work in any other than a business school, it ought to be a very useful book of reference for any classes in money or related economic subjects. Its explanations are clear, and it adequately covers the field indicated by its title. One very excellent feature of the book is the abundance of fac-similes of commercial documents, and one very serious defect is the absence of an index. Mr. Carroll's book is, perhaps, on the whole rather more serviceable. It lacks the very interesting and very instructive fac-similes; and its preliminary discussion of the "principles of finance" not only has nothing whatever to do with finance in the proper sense of that term, but contains some very unsound reasoning. But the body of the book is as good as Mr. Eaton's, and the very full glossary and index make it much more convenient to use.

The general scheme of *Congressional Currency* is excellently conceived. Mr. Gordon has expressly announced the purpose "to trace in detail the record of monetary events"; and he proposes to give, presumably for popular reading, a brief description of our present currency system. The result is a book of considerable merit, but certainly not of the highest rank. Notwithstanding the numerous references to the statutes and the official reports, it is evident that the author has drawn pretty largely from some three or four secondary authorities. This, of course, would be no more than ought to be expected in a semi-popular book, if only the authorities were always wisely used; but Mr. Gordon has not at all times been cautious in his interpretations. So at the beginning of chapter eight he says that the "greenbacks" are inconvertible, and gives as his authority President Walker's *Money*, apparently forgetting that *Money* was written before the resumption of specie payments. However, there are very few serious slips in the book; and it ought to be useful. There is no other work which so fully describes our most recent monetary experiments.

The *Sound Currency* of the Reform Club contains nearly all of the semi monthly pamphlets which the club issued in the course of the year 1895. There are reprints, as of our currency laws and of the Bullion Report; there are historical, descriptive, and statistical accounts of money and banking in America and in foreign lands; and there are argumentative discourses on matters of theory. The preparation of the papers has been intrusted to competent persons, and the work has been done with reasonable thoroughness and accuracy. The finished volume, therefore, contains a great deal of very pertinent information; and it will serve well as an arsenal in which to equip the minor champions of the gold standard. It will also be a convenient handbook for advanced students who are not easily misled. But, inasmuch as the pamphlets were professedly issued in defence of gold monometallism, they naturally give only one side; and they ought, therefore, to be read in connection with the publications of the National Executive Silver Committee and the Bimetallic League.

Mr. Horace White's *Money and Banking* is an able inductive or historical study,— certainly, one of the ablest books which the present monetary crisis has produced in this country. It describes the important events in our monetary history from the earliest times till the year 1895, and traces the gradual evolution of the present institutions and customs; and all this it does with admirable skill. Its account of the ill-constituted and worse-managed State banks of the early part of the century is the clearest and best that is anywhere to be found. Its explanation of the modern mechanism of exchange is also good. In fact, the book, in its narrative and descriptive portions, or the whole book *quoad* narrative and description, deserves high commendation; and so brief a review as this cannot undertake to specify its excellences. It is probable that, when account is taken both of scope and of contents, Mr. White's history of American currency is as good as any now accessible.

Of the theoretical or speculative digressions it is not possible to speak so highly. The discussion of the quantity theory is the saddest falling off from the rest of the book, for pretty nearly all that is there adduced is quite apart from the main issue. Mr. White shows, and easily enough, that the absolute amount of the currency may increase,— that even the amount of the circulation per head may increase,— and yet prices may fall. But, of course, that is no refutation of the quantity theory. Any exponent of that theory from Locke to Walker would have granted Mr. White so much without argument. It ought in all fairness to be said that *Money and Banking* contains no other instance of so egregious a mistake either in theory or in fact.

Mr. Schoenhof goes more directly to the heart of the matter than any of the writers hitherto noted. It is evidently of the first importance to decide whether the amount of money in use does really exercise a controlling influence upon the height of prices, and to this problem alone *A History of Money and Prices* is devoted. Mr. Schoenhof draws upon the works of Professor Thorold Rogers and others, traces prices through six centuries, and concludes that the quantity theory is untenable. The comparisons are made with evident honesty and with

great skill, and they incidentally afford much instruction; but it may be doubted if they have any force against the old classical theory.

For at the very beginning (p. 8) Mr. Schoenhof renounces the whole scheme of general prices as misleading, and then goes on to discuss single articles or classes of similar articles; and it ought to be perfectly evident that in so doing he vitiates his whole argument. The supporters of the quantity theory lay down certain propositions about general prices, while Mr. Schoenhof refuses to discuss general prices at all; and so there is no common question at issue. It is worth noting that Mr. Schoenhof rejects general prices on the ground that the tables "are not so analyzed that the parts may be given their proper representation in the totals, or that an article of minor utility may be reduced to its proper position in the expense budget of the individual or the nation." So far as this criticism holds against the tables of general prices, it would seem at first thought to be of great weight. But it does not apply at all to the tables of Mr. Palgrave, of the Aldrich Report, or of the French Commission Permanente des Valeurs; and these "weighted averages" tell much the same story as the more simply constructed tables.

Another quite distinct fault of Mr. Schoenhof's treatment is that he deals very largely with the early centuries, where the data are by no means so abundant or reliable as those which may be had for the last few decades. The most valuable part of the whole book is that in which the author cites as "the true price-making factors" a great number of the most recent industrial improvements. There are two or three reasons why the argument here is not conclusive; but the evidence is, at least, highly interesting.

Mr. Stokes, in *Joint Metallism*, maintains that gold monometallism is neither just nor expedient. Upon this point his position is as unmistakable as that of Balfour, Andrews, or "Coin" himself. Indeed, the greater portion of his book consists of evidence against the gold standard. The author gracefully defers to men of established reputation, and quotes, often without comment, the considerations which have been adduced against gold by many eminent authorities. He seems

almost relentless in forcing upon his monometallist readers the hard things which Mr. Robert Giffen used to say about gold. But Mr. Stokes goes much farther with the bimetallists. He insists that a sound metallic currency must be based equally on the two precious metals, that gold and silver must be coined with equal freedom, and that they must alike be unlimited in their legal tender quality. All this looks like plain, old-fashioned bimetallism; but Mr. Stokes protests vigorously and rightly against such a view, for his scheme differs materially from bimetallism. It is essentially as follows: Let there be made from both metals coins of precisely the same weight and fineness. Let coinage of both be free to all who bring to the mints both gold and silver in such quantities as shall at each particular time be of equal market value. Let the relative legal values of these coins be fixed, not once for all, but by monthly proclamation, and in the closest possible conformity to the current commercial ratio. Let a legal tender of payment consist in the offer of gold and silver coins in equal values according to the prevailing ratio. Mr. Stokes would also permit the issue of government legal tender notes based upon and redeemable in equal values of the two metals; but he apparently would not exclude the coins from active circulation (pp. 5, 18, 19).

A very ingenious scheme: what of its merit? It is to be noted, in passing, that it is not so original as Mr. Stokes seems to believe. The plan of changing the relative legal values of the gold and silver coins is a very natural one, and Chevalier's *Baisse Probable de l'Or* shows that it was much debated by the French legislators of a century ago. The other idea of a standard part gold and part silver has also often been presented, and is found — not to mention other recent proposals in the same direction — in Hertzka's *Das internationale Währungsproblem und dessen Lösung*. However, in just its present form the scheme is very likely new; and at any rate it deserves attentive study. The natural objection that in form one metal is made the standard, and that the value of the other depends upon the market, is not well grounded; for Mr. Stokes would create a permanent and considerable monetary demand for both metals, and would thus moderate

the market fluctuations. It would probably be necessary to do away with all other full money than the notes which Mr. Stokes would permit. For, if the coins were allowed to pass in circulation, one sort might be presented at the mint over and over again with bullion of the other metal, and then finally escape altogether from the country. And it is evident that, unless the circulating medium of exchange did consist in great part of the paper notes, the Treasury might at any time be distressed by demands for redemption; for the vaults might not contain the two metals in the proportions required for redemption.

It is impossible here to discuss the details of joint metallism: let it therefore be granted that the scheme is practicable. What could be expected from it? Evidently, it would readmit to full money standing much silver, and would thus stop or moderate the fall of prices; and, if it be desirable to keep prices steady, the result would be good. It is to be noted that, inasmuch as silver would be readmitted at a lower relative value than 16 to 1, the inflating power of the white metal would be less than under simple free coinage at the old ratio. Whether this makes joint metallism better or worse than simple bimetallism depends upon one's point of view. But, obviously, joint metallism could not end the "fall of silver," and give permanent stability of ratio between the precious metals; and for these reasons it will not meet the approval of thorough-going bimetallists.

Under the attractive title, *An Honest Dollar*, President Andrews has brought together a summary of his well-known monograph of the same name, five articles which he had printed in the magazines and two essays which had not previously appeared. It goes without saying that the thought in the book is penetrating, and the exposition clear and forceful. And, although the parts have been composed at different times and independently, and thus have little formal relation, the whole still possesses a real unity; for it deals with several of the fundamental principles involved in the current monetary discussions. The possibility of bimetallism is treated both deductively and historically; the equities of the matter are briefly touched, and so, too, are the meaning and causes of the

"depreciation of silver"; there are shrewd remarks on the present condition and the probable future course of gold and silver production and of monetary policy. And, although these do not exhaust the pertinent topics, they include nothing irrelevant.

As to the author's conclusions, little needs to be said to the readers of this journal, to whom Dr. Andrews has long been familiar as one of the able champions of international bimetallism. His reply to Giffen's *Case against Bimetallism* is good: it exposes fully the weakness of the common historical argument against bimetallism. In one respect, however, *An Honest Dollar* may do much harm by strengthening the position of the radical free silver men. Dr. Andrews looks with too much complacency on the possible results of a silver standard for America, or, what comes to the same thing, American bimetallism. The commercial advantage of a closer connection with the currencies of Latin America and the East could scarcely make it worth our while to cut altogether loose from the gold standard of Europe. Earnest students of social sciences will alway gladly read what Dr. Andrews writes, and it is unfortunate that he has not time to undertake a systematic and thorough exposition of the present monetary situation.

By honest money Mr. Fonda, like all orthodox economists before 1873, understands money of constant general purchasing power; and his book is an able plea for the introduction of an invariable currency, based upon the familiar tabular standard. The ground is cleared for an exposition of his program of reform by a brief discussion of some of the fundamentals of economics, and by a hasty description and criticism of existing monetary systems. In this preliminary part — and, indeed, throughout the book — Mr. Fonda does some very clear thinking. He has assimilated the latest speculative thought, notably the Austrians' doctrines of subjective and objective value. Money, says Mr. Fonda, ought to be of unchanging purchasing power, because, while rising prices wrong creditors and unduly stimulate industry, falling prices wrong debtors and depress industry. But neither gold nor silver can make a stable money, for both are under the influence of variations in supply and demand. Bimetallism would give a steadier unit,

but truly honest money can be secured only by the multiple standard.

In regard to the constitution of the table which is to serve as the standard Mr. Fonda makes no new suggestion. The list is to be large enough to be fairly representative of the important classes of commodities; and a rise or a fall in its price is then to be taken as proof of a fall or a rise in the value of money, and as the occasion for a contraction or an inflation of the currency. The regulation of the amount of the circulating medium might, according to Mr. Fonda, be accomplished in several ways; but he suggests as simple and effective a method similar to that by which the Bank of England regulates its loans. The government should remove all present forms of money, and should then issue notes redeemable in any commodity at its market price; and these notes it should continue to lend on short terms and at variable rates of interest. An inflation could then be quickly accomplished by lowering the rate, and a contraction by raising it or by refusing to lend at all. The amount of the currency would be thus under the control of society; and so prices could be kept stable, and then an honest money would be secured.

Those innovators in economics who hold that general prices ought not to remain fixed, but ought to fall as industrial progress facilitates production, naturally reject such proposals as Mr. Fonda's. Rejecting his ideal, they of course reject the means by which he would attain it. But probably the greater part of the economic world still believes that stable general prices would be very advantageous if only they could be secured without too great cost, and people of this way of thinking look with more and more favor upon the tabular or multiple standard. As to the theoretic possibility of the multiple standard, there can be little doubt. Its institution and maintenance require nothing more than moderate skill and perfect integrity. But, until such skill and integrity can be found and kept in office, it would be unsafe to intrust public officials with so enormous a power over industry. The determination of the course of prices would be a matter of no great delicacy. But, if government should come to be not only the greatest bank of issue, but also the greatest bank of discount, there would be

unmeasured room for oppression and corruption. If such practical objections ever lose their force, there is no reason why some general scheme of a tabular standard may not be introduced, to the great gain of society.

Mr. Fonda's scheme is somewhat complicated by his proposal to abolish the present metallic currency; and he would make it somewhat more difficult to get the specie which would be needed in paying international balances. Mr. Fonda correctly observes that it would not at all be necessary for the government to keep reserves, since the open market would always afford the same redemption that government would give.

It must already have appeared that but few of all these books make any really important addition to economic literature. And yet the careful reader of them must, on the whole, be rather hopeful for the future of monetary discussion and practice in our country. Whatever be the shortcomings of the books, they quite uniformly evince a proper appreciation of the seriousness and the difficulty of the problem with which we are confronted. Earnestness is the characteristic of them all. And there is a manifest desire to get a deeper insight. So, for example, there are four independent and different attempts to get at a better money than gold or silver,— a better money even than universal and perfect bimetallism would bring about. On the other hand, it is noticeable that among all the recent American books on money there are very few by professional economists. There have been plenty of execrable works by men guiltless of real knowledge, and there have been some very creditable ones by men in whose lives the study of monetary phenomena has been an incident or an avocation; but not more than two or three have come from men whose lives have been devoted to economics, and who, therefore, may be counted the most thoroughly qualified for such tasks. And, of these two or three, none is of the first importance. Professor Laughlin's *Facts about Money* was a hurriedly prepared polemic, and President Andrews's *An Honest Dollar* is a collection of occasional pieces. If one goes on, and notes the works of Fonda, Stokes, White, and the

other more competent of the writers, he will find, it is true, several books well worth reading, and some which will no doubt continue to be useful; but he will find not one equal either to those which Walker and Knox gave us in this country years ago or to Professor Nicholson's *Money and Monetary Problems* and the best of the contemporary German, French, and Italian publications.

This lack of first-rate American books on money becomes the more remarkable when one recalls the unusually attractive character of the subject, and the extraordinary attention with which foreigners are watching our monetary condition. It would surely not be easy to find in the whole field of social science another subject of greater scientific and practical interest, and it is everywhere recognized that America must play a great part in the solution of the problem. Yet there is not one thoroughly qualified American economist who has undertaken to give a sober, formal, full exposition and discussion of the present monetary situation; and there are very few who have ventured to offer the general public even a word.

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